

International Conference

Fiscal Decentralization in Indonesia a Decade after Big Bang: Indonesian and International Perspectives on Best Practice for Fiscal Decentralization and its Impact on Economic Development and Social Welfare

Jakarta, 13-14 September 2011



Organized by :



Ministry of Finance
The Republic of Indonesia

Supported by :



Introduction



- Indonesia has embarked on decentralization program over a decade. Pressures towards decentralization is one of the reform programs initiated by the government in order to stabilize the economy during the crises in 1997-2000.
- There were 3 main strategies taken into account on the decentralization policy : (i) accountability mechanism is designed through the increasing of local council's role (horizontal accountability mechanism); (ii) a clear division of intergovernmental transfers; and (iii) more discretion on spending given at the sub-national governments.
- These strategies have been outlined to obtain benefit for most of the people and to induce economic growth through increasing local accountability and improving public service delivery. Henceforth, the ultimate objective of decentralization is to increase economic growth and people's welfare.
- Indonesia, as other countries experience, is facing challenges as to whether people's welfare will be achieved by decentralization program. Therefore, the country shall convey with continuous improvement and actively be involved with international experience as a means of obtaining best-practice exchange
- International Conference on Fiscal Decentralization is initiated by the Ministry of Finance to showcase the implementation of decentralization in Indonesia while learning from other countries' experience

4 (four) core areas of decentralization

To be addressed at the Conference

Getting the Political Economy of Fiscal Decentralization Right

• **Session 1**

Achieving Effective, Efficient and Equitable Systems of Revenue Assignment and Intergovernmental Transfers

• **Session 2**

Optimizing the Delivery of Public Infrastructure and Services at Provincial and Local Levels

• **Session 3**

Implementing Policies to Support Economic and Social Development in the Regions

• **Session 4**

Topics/Speakers/Moderators/Panelists

Topic	Speaker	Moderator	Panel
Session 1 – Political Economy			
Political challenges and successes in Indonesia's decentralization reform	DG Otda, MOHA	Bill Wallace/Dadan Patinasary	<ul style="list-style-type: none"> • Dr. Machfud Sidik, Expert • Dr Eko Prasajo • Felix Wanggai
Assigning functional responsibilities between levels of Government in Brazil and other Latin America countries	UN Economic Commission for Latin America and the Caribbean (ECLAC)		
Territorial arrangements and managing pressures for proliferation of Regional Governments. Indonesian and international experiences	Professor Jorge Martinez, Georgia State University, USA		
Session 2 – Intergovernmental Financing			
Lessons learned from Indonesia's fiscal decentralization: Overview	DG Fiscal Balance, MOF	Rabin Hattari/Juan Luiz Gomes	<ul style="list-style-type: none"> • Dr. Blane Lewis • Mayor of Bandung • Prof. Abdul Halim, UGM
Reforming the system of revenue assignment and intergovernmental transfers in South Africa-Lessons learned for Indonesia	Kenneth Brown, Deputy Director General Intergovernmental Fiscal Relations, South African Ministry of Finance		
Strengthening the local revenue side of intergovernmental financing, including property tax devolution – Indonesian and international experiences	Professor Roy Kelly, Duke University, USA		

Topics/Speakers/Moderators/Panelists

Session 3 – Infrastructure and Service Delivery			
Approaches to improving local level infrastructure and services. Cases from Gorontalo Province and Yogyakarta City, Indonesia	<ul style="list-style-type: none"> • Governor of Gorontalo • Mayor of Yogyakarta 	Agung Pambudi, KPPOD	<ul style="list-style-type: none"> • Deputy, Regional Autonomy / Development, Bappenas • Prof Wihana Kirana • Muhammad Najib, Governance Reform Advisor, AusAid
Expenditure focused approaches to intergovernmental financing – Indonesia’s experiences and areas for further reform	Dr Anwar Shah		
Incentives, sanctions and other mechanisms for achieving better local delivery of services and infrastructure. What works and what doesn’t – the international experience	Jesper Steffenson		
Session 4 – Economic and Social Development in the Regions			
Indonesia’s “economic corridor policy” to promote regional growth and development – national and regional perspectives on regional growth policy	Director General from Coordinating Ministry for Economy	Dr Hefrizal Handra	<ul style="list-style-type: none"> • Head, Office of Fiscal Policy, MOF • Professor Iwan Jaya Azis • Wakil KADIN Bidang Perekonomian
China’s approach to stimulating and financing rapid regional infrastructure development and economic growth	Dean Baoyun Qiao, Central University of Finance and Economics, China		
Unshackling Regional Governments to support faster economic growth and social development in the regions. Indonesian and international perspectives	Professor Robert Simanjuntak		



Time and Venue

- Date :
 - Day 1 : Tuesday, 13 September 2011
 - Day 2 : Wednesday, 14 September 2011
- Venue : Hotel Borobudur

Target Participants



- Up to 210 invitations
- Invitations include :
 - Indonesian principal moderator, opening, closing, managing sessions;
 - Opening Speaker;
 - Moderators, speakers, panelists, resource persons for break-out sessions;
 - Senior Indonesian Central Government Officials (to be selected mainly from MOF, Bappenas, MOHA, other line ministries);
 - Senior Indonesian Regional Government Officials;
 - Foreign government officers (Philippines, Cambodia, Laos, Vietnam and other ADB members, South Africa, Brazil, Chinese, Australia, PNG);
 - Academicians from prominent university in Indonesia;
 - NGOs which is based in Jakarta; and
 - Representative each of Asian Development Bank, World Bank Officials, GIZ, AusAid, and other development partners.

Ceremonial Sessions



- The Opening is conducted by HE Minister of Finance
- Evening Dinner will be chaired by HE Minister of Bappenas. HE Minister of Bappenas will give keynote address. Invitations for the evening dinner apply to HE Minister of Finance, Minister of Bappenas, and Minister of Home Affairs
- Closing remarks is conducted by HE Ministry of Home Affairs

Format of the Conference

- Moderator to introduce and chair supported by other panelists;
- Paper on Indonesian experience on that topic;
- Paper from one invited Foreign Government on their experience;
- Paper from one invited international expert on the international experience;
- Initial comments on the papers by the panelist; and
- Comments / discussion from the floor on the papers;
- Break-out sessions for specific sub-topics;
- Plenary session (concluding remarks).





Publications

- To be organized by the Technical Team responsible for organizing the conference, particularly Public Relations Bureau;
- To be placed prominently on web sites of MOF, MOHA, Bappenas, World Bank, ADB, AusAid, GIZ;
- Brochure to be prepared and distributed to private sector, NGOs, public;
- Limited advertising in local print media;
- Pre-events: Pre-Press Conference, Press Conference, training for media.

Proposed Schedule – day 1

Day 1 – Tuesday 13 September 2011		
Time	Topic	Facilitators
0800 – 0900	Finalize Registration	
0900 – 0930	Welcome and Keynote Opening Address	HE Minister of Finance
0930 - 0950	Morning Tea	
Session 1 – Getting the Political Economy of Decentralization Right		
0950 – 1010	Political challenges and successes in Indonesia’s decentralization reform	DG Otda, MOHA
1010 – 1030	Assigning functional responsibilities between levels of Government in Brazil and other Latin America countries	UN Economic Commission for Latin America and the Caribbean (ECLAC)
1030 – 1050	Territorial arrangements and managing pressures for proliferation of Regional Governments. Indonesian and international experiences	Professor Jorge Martinez
1050 – 1200	Panel and Audience Comments / Discussion on Session 1	Moderator, Panelists and floor
1200 – 1300	Lunch	
Session 2 – Achieving Effective, Efficient and Equitable Systems of Revenue Assignments and Intergovernmental Transfers		
1300 – 1320	Lessons learned from Indonesia’s fiscal decentralization: Overview	DG Fiscal Balance, MOF
1320 – 1340	Reforming the system of revenue assignment and intergovernmental transfers in South Africa- Lessons learned for Indonesia	Kenneth Brown, Deputy Director General, Intergovernmental Fiscal Relations, South Africa
1340 – 1400	Strengthening the local revenue side of intergovernmental financing, including property tax devolution – Indonesian and international experiences	Professor Roy Kelly
1400 – 1500	Panel and Audience Comments / Discussion on Session 2	Moderator, Panelists and floor
1500 – 1510	Afternoon Tea	
1510 – 1700	2 breakout discussion groups on sessions 1 and 2 (conclusion for each discussion)	Moderator, Resource Persons
1700 – 1930 – Free Time / Break		
1930 - 2200	Evening dinner / entertainment with keynote address	HE Minister of Bappenas

Proposed Schedule – day 2

Day 2 – Wednesday 14 September 2011		
Time	Topic	Facilitators
Session 3 – Optimizing the Delivery of Public Infrastructure and Services at Provincial and Local Levels		
0900 – 0940	Approaches to improving local level infrastructure and services. Cases from Gorontalo Province and Yogyakarta City, Indonesia	•Governor of Gorontalo •Mayor of Yogyakarta
0940 – 1000	Expenditure focused approaches to intergovernmental financing – Indonesia’s experiences and areas for further reform	Dr Anwar Shah
0950 – 1010	Incentives, sanctions and other mechanisms for achieving better local delivery of services and infrastructure. What works and what doesn’t – the international experience	Jesper Steffenson
1010 – 1030	Morning Tea	
1030 – 1130	Panel and Audience Comments / Discussion on Session 3	Moderator, Panelists and floor
1130 – 1230	2 breakout discussion groups on session 3 (conclusion for each discussion)	Moderator, Resource Persons
1230 – 1340	Lunch	
Session 4 – Implementing Policies to Support Economic and Social Development in the Regions		
1340 – 1400	Indonesia’s “economic corridor policy” to promote regional growth and development – national and regional perspectives on regional growth policy	Director General from Coordinating Ministry for Economy
1400 – 1420	China’s approach to stimulating and financing rapid regional infrastructure development and economic growth	Dean Baoyun Qiao, Central University of Finance and Economics, China
1420 - 1440	Unshackling Regional Governments to support faster economic growth and social development in the regions. Indonesian and international perspectives	Prof. Robert Simanjuntak
1440 – 1540	Panel and Audience Comments / Discussion on Session 4	Moderator, Panelists and floor
1540 – 1600	Afternoon Tea	
Final Plenary Session		
1600 – 1630	Conference Summary and Final Plenary Session	DG of Fiscal Balance, MOF
1630 – 1645	Closing Remarks	HE Minister of Affairs

Break-Out Sessions

First Breakout Discussion Groups Covering Sessions 1 and 2

Discussion Topic	Discussion Leaders – Resource Persons
1. Getting the political economy of decentralization right – Indonesian and international perspectives	<ul style="list-style-type: none"> • Secretary DG of Fiscal Balance (Moderator) • Dr. Machfud Sidik • Dr Made Suwandhi • Professor Jorge Martinez • Institute for Economic and Social Planning, ECLAC
2. Designing and implementing best practice revenue assignments and transfer systems	<ul style="list-style-type: none"> • Director of Balancing Fund, MOF (Moderator) • Director of Regional Taxes and Charges, MOF • Mayor of Bandung • Kenneth Brown • Professor Roy Kelly

Second Breakout Discussion Groups Covering Session 3

Discussion Topic	Discussion Leaders – Resource Persons
1. Approaches to improving local level infrastructure and services	<ul style="list-style-type: none"> • Director of Regional Autonomy, Bappenas (Moderator) • Governor of Gorontalo • Anwar Shah • Muhammad Najib • Blane Lewis
2. The role for sanctions and incentives linked to service delivery in Unitary States	<ul style="list-style-type: none"> • Director of Evaluation, Funding, and Regional Information System , MOF (Moderator) • Mayor of Jogjakarta • Jesper Steffenson • Prof. Dr. Robert Simanjuntak • Dr Hefrizal Handra



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